



Congressman James E. Clyburn
Representing the 6th District of South Carolina

AMERICANS DESERVE A BETTER DEAL ON THEIR TAXES

May 2018

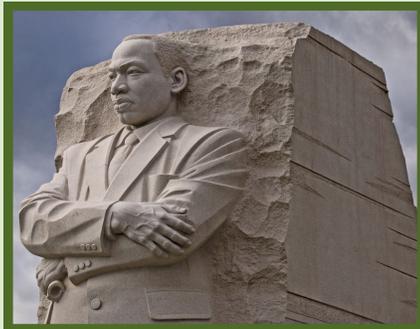


Prioritizing Working Families

Promoting American Jobs & Wages

Protecting Medicare & Medicaid

In my last newsletter, I invoked the title of Dr. Martin Luther King, Jr.’s last book to urge choosing community over chaos; and I outlined my ideas for *a better deal* on healthcare. In this edition, I do an analysis of the recent tax bill and propose *a better deal* on taxes—one that prioritizes working families, promotes American jobs and wages, and protects Medicare and Medicaid. The nation’s tax system ought to reflect our values.



During last month’s commemoration of the fiftieth anniversary of Dr. King’s assassination, I reread his so-called “mountaintop” speech—his final public remarks, delivered in support of striking Memphis sanitation workers on the evening before his untimely death. In that speech, King recounts the parable of the Good Samaritan and implores the crowd to *“Let us develop a kind of dangerous unselfishness.”*

As the nation again confronts tremendous chaos, disorder and acrimony, it is time to honor Dr. King’s teachings through both words and deeds. Overcoming selfishness and greed require us to unite with the “kind of dangerous unselfishness,” King called for fifty years ago. The new tax law, in my opinion, selfishly creates a few wealthy winners and many middle income losers. I find it to be a danger to American jobs, unfair to working families, and an attack on Americans health and the social safety net.

It ultimately raises taxes on 86 million middle-income families, gives \$1.3 trillion in permanent tax cuts to corporations and explodes the deficit by more than \$2 trillion. It decimates the affordable housing market and puts Medicare, Medicaid and Social Security at great risk.



clyburn.house.gov



[Jameseclyburn](https://www.facebook.com/jameseclyburn)



[@Clyburn](https://twitter.com/Clyburn)



[RepJamesClyburn](https://www.youtube.com/RepJamesClyburn)

1225 Lady Street, Suite 200 Columbia, SC 29201

Phone: (803) 799-1100

Fax: (803) 799-9060

THE NEW REPUBLICAN TAX LAW: WAS IT WORTH IT?

Tax filing season has just concluded. Now is the time to consider the full consequences of the new tax law and its effects on the economy, the deficit, jobs and wages. Consider the facts below and ask yourself whether it was worth it.

WINNERS

Wealthy Families

- The top 1% get **83% of the benefits**, with **new loopholes** maintaining the preference for **wealth over work**
- Lowers the rate for highest income earners from 39.6% to 37%

Rich Political Donors

- Doubles the estate tax exemption from \$11 million to **\$22 million** per couple, a major boon to **3,200 of the wealthiest families in America**
- Special deduction of 20% for owners of so-called “pass-through” businesses
- **Limits charitable giving incentives** to the ultra-rich w/ a 62% drop in middle income filers qualifying for the deduction

Corporations & Big Business

- \$1.3 trillion in **permanent tax cuts**
- **Lowers the corporate rate** from 35% to 21%
- Eliminates the alternative minimum tax
- Corporations have already announced more than **\$400 billion in stock buybacks** to wealthy shareholders while quietly **laying off more than 137,000 employees**

83% OF TAX CUTS GO TO THE WEALTHIEST 1%

Tax Policy Center

LOSERS

Working Families

- **Raises taxes on 86 million working families.** All who earn less than \$75,000 will pay more by 2027
- **Adds more than \$2 trillion to the deficit, threatening the social safety net**

American Jobs

- **Encourages companies to shift income and invest in factories overseas**, with new 10% minimum tax rate for foreign profits lower than the 21% U.S. rate & exclusions for “tangible assets”
- New low rate (8% noncash & 15.5% cash) for corporations to return trillions stashed overseas with **no job nor wage growth commitments**

Medicare & Medicaid Enrollees

- Causes **13 million people to lose their health insurance**
- **Raises insurance premiums** by at least 10%
- Republicans will use the debt they created to justify Trump’s proposed cuts of more than **\$2 billion** to Medicare, Medicaid, Social Security disability & SNAP

\$2.3T ADDED TO THE DEBT OVER 10 YRS

Committee for a Responsible Federal Budget

The Office of Congressman Clyburn does not provide tax, legal or accounting advice. This material has been prepared for informational purposes only. Please consult a tax professional for any individual tax questions.

A BETTER DEAL: PRIORITIZING WORKING FAMILIES

New Republican Tax Law’s Effect on Affordable Housing. At least 11 million families pay more than half of their income on rent. One recent study named North Charleston as the #1 and Columbia as the #8 ranked city for evictions in the country. There is an existing shortfall of millions of affordable homes around the country and the new tax law is going to make our affordable housing crisis worse.

By reducing the corporate rate from 35 to 21 percent, the new tax law also reduces the benefits of the Low Income Housing Tax Credit. As a result, fewer investors and developers will finance affordable housing projects and 235,000 fewer units will be built over the next ten years. That is a decline of roughly 20 percent and would mean the loss of more than 262,000 jobs. As South Carolina grapples with the increasing problem of high rents and housing prices, we can ill afford this dramatic decrease in affordable housing

RENT ↑ 2X
the rate of income
The Post & Courier (2017)

TOP #1 N. CHARLESTON, SC
#8 COLUMBIA, SC
evicting cities in the United States
The Eviction Lab at Princeton

NEW TAX LAW ↓
235,000 units affordable housing
262,000 jobs over the next 10 years
Novogradac & Company, LLP

New Republican Tax Law’s Effect on Middle Income vs. Upper Income.

Middle Income	Upper Income
<ul style="list-style-type: none"> Most American families getting less than \$20 more in their two-week paychecks. 	<ul style="list-style-type: none"> The top 1% and top 0.1% are getting \$2,000 and \$7,400 more per two-week paycheck, respectively.
<ul style="list-style-type: none"> \$25,000 or less/yr = temporary \$60 annual tax cut \$25,000-\$48,600 = temporary \$380 annual tax cut 	<ul style="list-style-type: none"> 83% of the benefits of the tax law go to the wealthiest 1%.
<ul style="list-style-type: none"> 116,800 SC homeowners will lose their state & local property tax deduction due to the new \$10,000 cap. Mortgage interest deduction eliminated for properties valued at more than \$750,000. 	<ul style="list-style-type: none"> Carried interest deduction, which allows hedge fund managers to pay considerably lower rates, was maintained despite President Trump’s promise to repeal it.
<ul style="list-style-type: none"> 146,000 South Carolinians will lose their home equity loan deduction, with no grandfathering, meaning families that took out a home equity loan to pay for their children’s education or medical expenses now pay more in taxes. 	<ul style="list-style-type: none"> Estate tax exemption doubled from \$11 to \$22 million per couple, protecting 3,200 of the wealthiest families in America from paying any estate tax at all.
<ul style="list-style-type: none"> \$50,000-\$150,000 = temporary 3% cut 	<ul style="list-style-type: none"> \$300,000-\$480,000 = temporary 9% cut \$480,000+ = temporary 5% cut

A BETTER DEAL: PROMOTING AMERICAN JOBS & WAGES

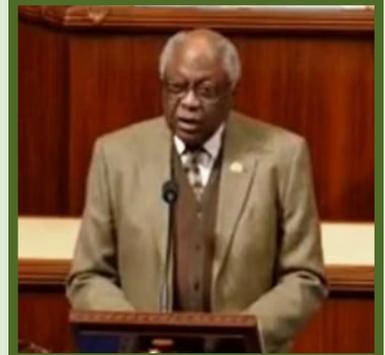
Permanent Corporate Cuts in the New Republican Tax Law. While the individual income tax cuts are *temporary*, the corporate tax rate cut from 35% to 21% is *permanent*. When the tax rates go back up on individuals, the corporate tax cuts will remain.

Incentives for Offshoring in the New Republican Tax Law. Instead of applying the new corporate rate of 21% to all U.S. companies, the tax law has a new 10% minimum tax for foreign profits of U.S. companies.

It also excludes profits from “tangible assets” like manufacturing plants and equipment from the minimum tax, thereby creating a tax incentive to build factories overseas, not in the U.S.

Stock Buybacks Instead of Wage Increases after Republican Tax Law. Republicans promised that wages would increase by thousands of dollars per household as a result of this windfall to corporations. Instead, corporations are spending 60 times as much on stock buybacks (\$409 billion), which funnel profits to executives and shareholders, as worker bonuses and wage hikes (\$6.9 billion).

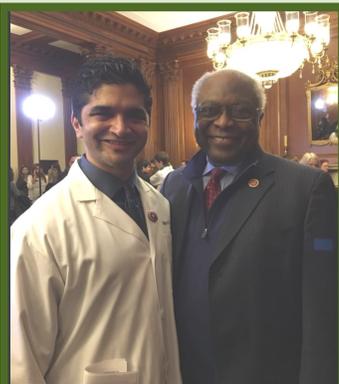
To date, corporations have announced more than \$400 billion in stock buybacks to benefit wealthy shareholders while quietly laying off more than 137,000 employees.



Congressman Jim Clyburn speaking on the House Floor in opposition to the Republican tax bill, December 19, 2017.

A BETTER DEAL: PROTECTING MEDICARE & MEDICAID

New Republican Tax Law Explodes the Debt. The tax law was not paid for. In fact, the federal government will borrow more than \$2 trillion over the next decade to pay for it. Republicans, including President Trump and Speaker Ryan, are already talking about the need for “entitlement reforms” in order to reduce the deficit and pay down the national debt.



Congressman Jim Clyburn & Dr. Sanjeev Sriram at ACA 8th anniversary press event, March 22, 2018.

Republicans have already Proposed Cutting Medicare, Medicaid & Social Security. President Trump’s budget proposes to slash \$500 billion from Medicare, \$1.4 trillion from Medicaid, \$72 billion from Social Security disability and \$214 billion from SNAP.

These programs are the backbone of the federal safety net. They are earned benefits that Americans have paid into over their lifetimes. They would not be in jeopardy but for this reckless tax scheme that is plunging us deeper into debt.